

SAN GABRIEL VALLEY WATER COMPANY

August 16, 2018

Mr. James A. Boothe
Water Division
California Public Utilities Commission
505 Van Ness Avenue, Room 3200
San Francisco, CA 94102

U337W

via e-mail

Subject: Authorized Balancing Account Outstanding Balances

Dear Mr. Boothe:

Per Bruce DeBerry's letter dated June 16, 2014, and your January 16, 2015 e-mail, San Gabriel provides its June 2018 balancing account balances on the attached table.

In response to Ms. Rocha's July 30, 2018 e-mail (as clarified by her August 8 email) San Gabriel identifies each balancing account consistent with the following criteria:

- (1) Balancing accounts with a quarter-end balance with more than a 10-percent differential from the balancing account's authorized revenue amount.*

RESPONSE: San Gabriel interprets "authorized revenue amount" to be the most recent balance authorized for amortization (i.e. amortization revenues), or the balance reviewed in San Gabriel's last GRC (A.16-01-002), whichever is more recent. The following table lists the accounts with a quarter-end balance with more than a 10% differential from the "authorized revenue amount." The table also shows the account balance as a percentage of current authorized revenues in the division.

Div.	Balancing Account	Balance at 06/30/2018	Most Recent Conducted Review		% Differential	Authorized Revenue Requirement for Division	06/30/2018 Balance as % of Authorized Revenue Requirement
			Balance	GRC/AL			
LA	Water Cost	(\$904,944)	(\$1,140,672)	A.16-01-002	20.6%	\$73,409,600	1.2%
LA	Power Cost	\$523,782	\$57,862	A.16-02-002	805.2%	\$73,409,600	0.7%
LA	WRAM	(\$1,388,570)	(\$546,579)	A.16-02-002	154.0%	\$73,409,600	1.9%
LA	CARW	(\$619,503)	(\$3,223,761)	AL 501	80.8%	\$73,409,600	0.8%
LA	Cons. Prog.	\$215,441	\$262,653	AL 502	18.0%	\$73,409,600	0.3%
LA	PABBA	(\$518,973)	\$0	A.16-01-002	n/a	\$73,409,600	0.7%
FWC	Power Cost	\$654,193	\$412,119	A.16-01-002	58.7%	\$70,540,200	0.9%
FWC	WRAM	(\$1,315,741)	(\$1,673,746)	AL 515	21.4%	\$70,540,200	1.9%
FWC	CARW	(\$1,362,113)	(\$3,571,664)	AL 475	61.9%	\$70,540,200	1.9%
FWC	Cons. Prog.	(\$63,697)	\$122,094	AL 503	152.2%	\$70,540,200	0.1%
FWC	PABBA	(\$3,106,979)	(\$1,965,634)	A.16-01-002	58.1%	\$70,540,200	4.4%

(2) *Balancing accounts with an authorized revenue amount that is in the top 25th percentile of all balancing accounts.*

RESPONSE: San Gabriel interprets “authorized revenue amount” to be the most recent balance authorized for amortization or the balance reviewed in San Gabriel’s last GRC (A.16-01-002), whichever is more recent. The following table lists the three accounts with the largest authorized balances (i.e. top 25th percentile).

Div.	Balancing Account	Authorized Balance	Balance Reviewed in:
FWC	Water Cost Balancing Account	(\$11,289,628)	AL 525
FWC	California Alternative Rates for Water Balancing Account	(\$3,571,664)	AL 475
LA	California Alternative Rates for Water Balancing Account	(\$3,223,761)	AL 501

(3) *Balancing accounts that have experienced volatile fluctuations in their quarterly balances over time. (Per Ms. Rocha’s August 8, 2018, email, ...accounts that have fluctuations within 20 percent from the previous semiannual balance.)*

RESPONSE: San Gabriel interprets this request as identifying those accounts that have experienced fluctuations of 20 percent *or more* relative to the previous semiannual balance:

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August 15, 2018

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Div.	Balancing Account	Fluctuation from Previous Semi-Annual Balance (%)
LA	Water Cost Balancing Account	23.7%
LA	Power Cost Balancing Account	32.0%
LA	California Alternative Rates for Water Balancing Account	70.4%
FWC	Power Cost Balancing Account	64.2%
FWC	Water Revenue Adjustment Mechanism	21.4%
FWC	Previously Authorized Balances Balancing Account	25.3%

(4) Balancing accounts that have not been reviewed in the previous three years.

RESPONSE: All of San Gabriel's balancing accounts were either reviewed in its most recent general rate case (A.16-01-002) or in advice letter filings within the previous three years.

Very truly yours,



Joel M. Reiker
Vice President of Regulatory Affairs

cc: Rami Kahlon, CPUC – Water Division
Richard Smith, CPUC – Water Branch, ORA
Bruce DeBerry, CPUC – Water Division
Kayode Kajopaiye, CPUC – Water Division
Carmen Rocha, CPUC – Water Division

San Gabriel Valley Water Company

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Reported Balance as of End of December 2017</u>	<u>Balance as of the End of June 2018</u>	<u>Most Recent Conducted Review/Audit (either GRC or other method)</u>	<u>Notes or Comments</u>
San Gabriel Valley Water Company	Total number of connections per 2017 Los Angeles County Division Annual Report: 48,656						
Los Angeles County Division	Water Cost	Tracks variances in pumped water related costs	P.U. Code 792.5	(\$731,665.60)	(\$904,944.13)	A.16-01-002	GRC
	Power Cost	Tracks variances in purchased power related costs	P.U. Code 792.5	\$769,827.00	\$523,782.11	A.16-01-002	GRC
	Water Revenue Adjustment Mechanism (WRAM)	Tracks the quantity rate under Schedule No. LA-IC tiered rates against revenues that would be collected in single block quantity rate	D.10-04-031; April 8, 2010 & AL 429	(\$1,256,691.00)	(\$1,388,570.00)	A.16-01-002	GRC
	California Alternative Rates for Water (CARW)	Tracks program costs vs. reflected in rates, until costs can reliably be forecasted thru GRC	D.05-05-015; May 5, 2005	(\$2,091,242.00)	(\$619,503.00)	AL 501	GRC
	Conservation Program	Tracks water conservation program related costs	D.11-11-018; November 10, 2011	\$260,876.00	\$215,441.00	A.16-01-002	GRC
	Previously Authorized Balances Balancing Account (PABBA)	Track amortizations of balances transferred from other balancing and memo accounts after those balances have been reviewed and approved by the Commission	Resolution W-5043	(\$466,183.00)	(\$518,973.00)	A.16-01-002	GRC

A positive balance reflects an overcollection.
A negative balance reflects an undercollection.

<u>Utility Name</u>	<u>Balancing Account Name</u>	<u>Balancing Account Description</u>	<u>Authorizing Decision or Resolution or Advice Letter</u>	<u>Reported Balance as of End of December 2017</u>	<u>Balance as of the End of June 2018</u>	<u>Most Recent Conducted Review/Audit (either GRC or other method)</u>	<u>Notes or Comments</u>
San Gabriel Valley Water Company		Total number of connections per Fontana Water Company 2017 Annual Report: 47,063					
Fontana Water Company Division	Water Cost	Tracks variances in water production related costs	P.U. Code 792.5	(\$11,484,316.00)	(\$11,047,295.00)	A.16-01-002	GRC
	Power Cost	Tracks variances in purchased power related costs	P.U. Code 792.5	\$398,443.00	\$654,193.00	A.16-01-002	GRC
	Water Revenue Adjustment Mechanism (WRAM)	Tracks the Quantity Rate revenues collected under Sch FO-1C tiered rates against the revenues that would be collected in single - block quantity rate	D.10-04-031; April 8, 2010	(\$1,673,746.00)	(\$1,315,741.00)	AL 515	GRC
	California Alternative Rates for Water (CARW)	Tracks program costs vs. reflected in rates, until costs can reliably be forecasted thru GRC	D.05-05-015; May 5, 2005 & D.04-07-034; July 8, 2004	(\$1,297,454.00)	(\$1,362,113.00)	A.16-01-002	GRC
	Conservation Program	Tracks water conservation program related costs	D.14-05-001; May 1, 2014	(\$60,504.00)	(\$63,697.00)	A.16-01-002	GRC
	Previously Authorized Balances Balancing Account (PABBA)	Track amortizations of balances transferred from other balancing and memo account after those balances have been reviewed and approved by the Commission	Resolution W-5043	(\$4,157,004.00)	(\$3,106,979.00)	A.16-01-002	GRC
	Plant F23 Project	Track the authorized amortization	Resolution W-5165	N/A	(\$549,219.41)	AL 506	
				(\$18,274,581.00)	(\$16,241,632.00)		